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CENTRAL INTELLIGENCE AGENCY

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ORGANIZATION AND ACTIVITIES  
OF CHINESE COMMUNIST COOPERATIVES

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A. Nature of CooperativesSemisocialist Sector of the EconomyB. Basic Policies

1. To transform the individual and small private entrepreneurs into large-scale collective socialist enterprises
2. To exterminate private enterprise

C. Organizational Structure

1. Supply and marketing cooperatives
2. Credit cooperatives
3. Consumer cooperatives
4. Producers cooperatives
5. Transportation cooperatives

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D. Program of Business Operations

1. To establish a centralized distribution agency and system, pool all materials and resources, and to effectively supply the needs of the army and people without having such goods pass through the hands of merchants
2. To centralize planning and divide management operations
3. To send industrial products into the rural areas and subsidiary agricultural products to the cities
4. To make membership in the cooperatives compulsory through forceful means, thus making the cooperatives a subordinate organ of the Communist economy.
5. To consolidate political authority and control over the masses by controlling the production and distribution of goods.

E. Administrative Structure

General Headquarters of the Central Cooperative Control Bureau

Administrative Area Cooperative Control Bureau

Provincial (and/or Shih) Cooperative Control Bureau

Hsien (and/or Hsiang) Cooperative Control Bureau

F. Operational Structure

1. All-China Federation of Cooperatives (organized July 1950)
  - a. Trade Bureau
  - b. Purchasing Bureau
  - c. Cadre Bureau
  - d. Organization and Leadership Bureau
  - e. Planning Bureau
  - f. Financial Affairs Bureau
  - g. General Accounting Office
2. Administrative Area Federation of Cooperative Societies
3. Hsien (and/or Shih) Federation of Cooperative Societies
4. Hsien and Hsiang Federation of Cooperative Societies

G. Scope of Operations (Interflow of Goods and Materials)

1. Special emphasis on the promotion of trade interflow in the Northeast, East China, and North China administrative areas
2. Distribution and sales of daily necessities

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- a. Operations locale -- Peiping to serve as starting point, followed by the selection of pilot or testing points in various areas
- b. Fixing of prices -- city prices to be 10 percent lower than market prices; rural prices to be 15 percent lower than market prices
- c. Sales personnel -- 3 million during the first quarter of 1951 and 7 million for the second quarter
- 3. Purchase of agricultural commodities by credit
  - a. Advance payment on advance purchases
  - b. Advance purchases on credit at current prices with guarantees to sell and deliver to seller such goods as he needs
  - c. Cooperatives accepting goods shipped to them for sale must in turn hand over to the shipper at a stipulated time the products that he requires
- 4. Promoting the contract system
  - a. Contracts between the cooperatives and the Communist-controlled trade agencies under which the cooperatives serve as purchasing the sales agencies for the latter and link contracts between cooperatives
  - b. Joint operating contracts between lower and higher level cooperatives or between cooperatives on the same level.
  - c. Contracts between cooperatives and their members governing pre-paid and credit purchases

H. Current Achievements

- 1. Number of cooperatives
  - a. Hsien and municipal cooperatives total 1,258
  - b. Town and rural cooperatives total 63,138
- 2. Individual membership stands at 46,180,000
- 3. Total capitalization of 840.7 billion yuan (equivalent to 75 million gold dollars). Sources of capital as follows:
  - a. Capital stock subscription of members constitutes 30 percent of capital
  - b. Government appropriations constitute 40 percent of capital funds
  - c. Profits and other receipts constitute 30 percent of capital funds
- 2. Sales for the first half of the year [year not given] for the Northeast, East China, and North China areas totaled 7,509,000,000,000 yuan
- 3. Purchases for the first half of the year [year not given] for the Northeast, East China, and North China areas totaled 7,836,600,000,000 yuan

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